



JCG INVESTMENT HOLDINGS LTD

Company Registration No. 200505118M

JCG INVESTMENT HOLDINGS LTD

FIRST QUARTER UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

The quarterly reporting of financial statements is mandatory for the Company pursuant to Rule 705(2C) of the Singapore Exchange Securities Trading Limited's Listing Manual Section B: Rules of Catalyst.

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte Ltd (the "**Sponsor**").

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group		Increase/ (Decrease)
	3 months ended		
	31.03.2020	31.03.2019	
	Unaudited	Unaudited	
	S\$'000	S\$'000	
Revenue	1,715	81	2017%
Cost of Sales	(1,006)	(11)	9045%
Gross Profit	709	70	913%
Gross Profit Margin	41%	86%	
Other income	57	-	100%
Selling and distribution expenses	(119)	(16)	644%
Administrative expenses	(2,007)	(839)	139%
Finance expenses	(47)	(180)	(74%)
Loss for the financial period before income tax	(1,407)	(965)	46%
Income tax expense	52	-	100%
Net loss	(1,355)	(965)	40%
Other comprehensive loss:			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation income	14	38	(63%)
Other comprehensive income, net of tax	14	38	(63%)
Total comprehensive loss	(1,341)	(927)	45%
Loss attributable to:			
Equity holders of the Company	(1,004)	(944)	6%
Non-controlling interests	(351)	(21)	1571%
Net loss for the financial period	(1,355)	(965)	40%
Loss attributable to:			
Equity holders of the Company	(990)	(912)	9%
Non-controlling interests	(351)	(15)	2240%
Total comprehensive loss for the financial period	(1,341)	(927)	45%

Notes to Consolidated Statement of Comprehensive Income

	Group		Increase/ (Decrease)
	3 months ended		
	31.03.2020	31.03.2019	
	Unaudited	Unaudited	
	S\$'000	S\$'000	
Interest expense on borrowings	(18)	(29)	(38%)
Interest expense on lease	(29)	-	100%
Amortisation of intangible assets	(118)	-	100%
Depreciation of property, plant and equipment	(351)	(9)	3800%
Rental income	9	-	100%
Fixed deposit interest income	4	-	100%
Unwinding of imputed interest	-	(151)	(100%)
Foreign exchange loss	(2)	(5)	(60%)

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	As at 31.03.2020 Unaudited S\$'000	As at 31.12.2019 Audited S\$'000	As at 31.03.2020 Unaudited S\$'000	As at 31.12.2019 Audited S\$'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	1,463	1,354	280	114
Trade and other receivables	1,796	1,945	521	289
Inventories	497	538	-	-
Total current assets	3,756	3,837	801	403
Non-current assets				
Investment in subsidiary corporations	-	-	7,203	7,203
Property, plant and equipment	6,200	6,781	277	316
Intangible assets	5,539	5,657	-	-
Total non-current assets	11,739	12,438	7,480	7,519
Total assets	15,495	16,275	8,281	7,922
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade and other payables	3,234	2,767	956	900
Borrowings	1,057	1,020	450	450
Lease liabilities (office and medical centre)	722	793	157	124
Current income tax liabilities	18	128	-	-
Total current liabilities	5,031	4,708	1,563	1,474
Non-current liabilities				
Borrowings	82	103	-	-
Lease liabilities (office and medical centre)	1,835	2,251	124	188
Trade and other payables	90	180	90	180
Deferred income tax liabilities	653	688	-	-
	2,660	3,222	214	368
Total liabilities	7,691	7,930	1,777	1,842
Net assets	7,804	8,345	6,504	6,080
Capital and reserves attributable to equity holders of the Company				
Share capital	68,260	67,460	68,260	67,460
Other reserves	5,259	5,245	5,261	5,261
Accumulated losses	(66,945)	(65,941)	(67,017)	(66,641)
Share capital and reserves	6,574	6,764	6,504	6,080
Non-controlling interests	1,230	1,581	-	-
Total equity	7,804	8,345	6,504	6,080

1(b)(ii) Aggregate amount of group's borrowings and debt securities**Amount repayable in one year or less, or on demand**

	As at 31.03.2020 Unaudited		As at 31.12.2019 Audited	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(i) Finance leases ^(a)	19	-	21	16
(ii) Bank loan	-	84	-	82
(iii) Bank overdraft ^(b)	954	-	901	-

Amount repayable after one year

	As at 31.03.2020 Unaudited		As at 31.12.2019 Audited	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(i) Finance leases ^(a)	-	-	-	-
(ii) Bank loan	-	82	-	103
(iii) Bank overdraft ^(b)	-	-	-	-

Details of any collateral

(a) Finance leases are secured by the motor vehicle acquired under the lease arrangement.

(b) Bank overdraft is secured by a debenture of fixed and floated charge over the assets of a subsidiary corporation and jointly and severally guarantee by certain directors of the Company. The bank overdraft is repayable on demand.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group	
	3 months ended	
	31.03.2020	31.03.2019
	Unaudited	Unaudited
	S\$'000	S\$'000
Net loss	(1,355)	(965)
Cash flows from operating activities		
Adjustment for:		
Income tax credit	(52)	-
Depreciation of property, plant and equipment	351	9
Amortisation of intangible assets	118	-
Gain due to modification of lease	(27)	-
Unwinding of imputed interest	-	151
Unrealised currency translation gain	5	39
Interest income	-	-
Interest expense	47	29
Operating cash flows before movements in working capital	(913)	(737)
Trade and other receivables	149	64
Inventories	41	-
Trade and other payables	376	408
Cash used in operations	(347)	(265)
Income tax paid	(93)	-
Net cash used in operating activities	(440)	(265)
Cash flow used in investing activities		
Purchase of property, plant and equipment	(17)	(35)
Net cash used in investing activities	(17)	(35)

	Group	
	3 months ended	
	31.03.2020	31.03.2019
	Unaudited	Unaudited
	S\$'000	S\$'000
Cash flows from financing activities		
Proceeds from issuance of new shares	800	4,000
Proceeds from conversion of warrants	-	8
Repayment of lease liabilities	(231)	-
Repayment of finance lease	(18)	-
Repayment of borrowings	(20)	(3,493)
Interest paid	(18)	(29)
Net cash generated from financing activities	513	486
Net increase in cash and cash equivalents	56	186
Cash and cash equivalents at the beginning of the financial period	(297)	1,613
Effect of currency translation on cash and cash equivalents	-	-
End of the financial period	(241)	1,799

Represented by:

	Group	
	3 months ended	
	31.03.2020	31.03.2019
	Unaudited	Unaudited
	S\$'000	S\$'000
Cash at bank and on hand	1,463	1,799
Less: bank deposits pledged	(750)	-
Less: bank overdrafts	(954)	-
Cash and cash equivalents per consolidated statement cash flows	(241)	1,799

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group	Share capital S\$'000	Currency translation reserves S\$'000	Accumulated losses S\$'000	Share option reserve S\$'000	Warrant reserve S\$'000	Attributable to equity holders of company S\$'000	Non-controlling interest S\$'000	Total S\$'000
Unaudited								
Balance as at 01.01.2019	53,871	(10)	(63,106)	278	3,507	(5,460)	137	(5,323)
Conversion of warrants	13	-	-	-	(5)	8	-	8
Issuance of share capital	7,785	-	-	-	-	7,785	-	7,785
Total comprehensive loss for the period	-	-	(944)	-	-	(944)	(21)	(965)
Other comprehensive loss	-	32	-	-	-	32	6	38
Balance as at 31.03.2019	61,669	22	(64,050)	278	3,502	1,421	122	1,543
Unaudited								
Balance as at 01.01.2020	67,460	(16)	(65,941)	25	5,236	6,764	1,581	8,345
Issuance of share capital	800	-	-	-	-	800	-	800
Total comprehensive loss for the period	-	-	(1,004)	-	-	(1,004)	(351)	(1,355)
Other comprehensive loss	-	14	-	-	-	14	-	14
Balance as at 31.03.2020	68,260	(2)	(66,945)	25	5,236	6,574	1,230	7,804

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

Company	Share capital S\$'000	Accumulated losses S\$'000	Share option reserves S\$'000	Warrant reserve S\$'000	Total S\$'000
Unaudited Balance as at 01.01.2019	53,871	(61,152)	278	3,507	(3,496)
Conversion of warrants	13	-	-	(5)	8
Issuance of share capital	7,785	-	-	-	7,785
Total comprehensive loss for the period	-	(823)	-	-	(823)
Balance as at 31.03.2019	61,669	(61,975)	278	3,502	3,474
Unaudited Balance as at 01.01.2020	67,460	(66,641)	25	5,236	6,080
Issuance of share capital	800	-	-	-	800
Total comprehensive loss for the period	-	(376)	-	-	(376)
Balance as at 31.03.2020	68,260	(67,017)	25	5,236	6,504

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of shares	Share capital S\$'000
Balance as at 31 December 2019	15,383,882,179	67,460
Balance as at 31 March 2020	15,811,689,664	68,260

Pursuant to the Subscription Agreement entered into in November and December 2019 between the Company and certain subscribers amounted to S\$800,000 in aggregate, the Company had on 16 January 2020, completed the allotment and issuance to the subscribers of 427,807,485 ordinary shares at an issue price of S\$0.00187 and 85,561,497 investment warrants, each convertible into one ordinary share at an exercise price of S\$0.002. Accordingly, the total number of ordinary shares of the Company increased from 15,383,882,179 shares to 15,811,689,664 shares.

There were no treasury shares and subsidiary holdings as at 31 March 2020 and 31 March 2019.

1(d)(iii) To show the number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	Company 31.03.2020	Company 31.12.2019
Total number of issued shares excluding treasury shares	15,811,689,664	15,383,882,179

There were no treasury shares during and as at end of the financial year ended 31 March 2020 and 31 December 2019.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable as the Company did not have any treasury shares as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on

Not applicable as the Company did not have any subsidiary holdings during and as at the end of the current financial period reporting on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable. The figures have not been audited or reviewed by the Company's auditors.

4. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

**(a) updates on the efforts taken to resolve each outstanding audit issue; and
(b) confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

This is not required for any audit issue that is a material uncertainty relating to going concern.

The latest financial statements of the Group for the financial year ended 31 December 2019 was subject to a disclaimer of opinion.

(a) The board would like to update on the efforts to resolve each outstanding audit issues as follows:

(i) Independent review on the recoverability of advances and/or loans and goodwill

As announced by the Company on 30 March 2020, BDO LLP (the "Independent Reviewer"), which was appointed by the Company to conduct the independent review, has completed the independent review. The Company is in the process of formulating its response and proposal to address the issues raised, and implement the recommendations proposed, in the independent review report. The Company will provide updates to SGX and shareholders in due course and at the appropriate juncture.

(ii) Consolidation of financial statement – iMyth Taiwan Limited

Management has the intention to dispose of iMyth Taiwan and will provide updates to shareholders in due course and at the appropriate juncture.

(iii) Existence and completeness of cash and bank balances

Due to COVID-19 and the Malaysia Movement Control Order ("MCO"), management was unable to obtain the bank confirmations for the bank accounts for two of our Malaysia subsidiaries as at the date of the Auditors' Report on 15 April 2020. The Board would like to update that these bank confirmations have been received as at the date of this announcement.

(b) The Board confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

5. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except disclosed in Para 6 below, the same accounting policies and methods of computation have been adopted for the current reporting year as compared with the most recent audited financial statements of the Company for the financial year ended 31 December 2019 ("FY2019").

6. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Amendments to SFRS(I) 3 Business Combination (effective for annual periods beginning on or after 1 January 2020)

The amendments provide new guidance on the assessment of whether an acquisition meets the definition of a business under SFRS(I) 3. To be considered a business, an acquisition would have to include an output and a substantive process that together significantly contribute to the ability to create outputs. A framework is introduced to evaluate when an input and substantive process are present. To be a business without outputs, there will now need to be an organised workforce.

The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

Entities can apply a 'concentration test' that, if met, eliminates the need for further assessment. Under this optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business.

These amendments are applied to business combinations and asset acquisitions with acquisition date on or after 1 January 2020. Early application is permitted. The Group does not expect any significant impact arising from applying these amendments.

7. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

Loss Per Share	Group	
	3 months ended	
	31.03.2020 Unaudited	31.03.2019 Unaudited
Basic (Singapore cents) ⁽¹⁾	(0.006)	(0.009)
Diluted (Singapore cents) ⁽²⁾	(0.006)	(0.009)

Notes:

¹ The calculation of loss per ordinary share is based on the Group's loss attributable to equity holders of the Company of S\$1,004,000 for 1Q2020 (31 March 2019: S\$944,000) divided by the weighted average number of shares 15,741,171,947 shares (31 March 2019: 10,442,435,278 shares).

² The outstanding warrants and options were not included in the computation of the diluted loss per share as their effect would have been anti-dilutive.

8. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year**

	Group		Company	
	31.03.2020 Unaudited	31.12.2019 Audited	31.03.2020 Unaudited	31.12.2019 Audited
Net assets (S\$'000)	7,804	8,345	6,504	6,080
Number of ordinary shares in issue ('000)	15,811,690	15,383,882	15,811,690	15,383,882
Net assets/(liabilities) value per ordinary share (Singapore cents)	0.05	0.05	0.04	0.04

9. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of the Income Statement of the Group

i) Revenue

	1Q2020	1Q2019	Variance	
	S\$'000	S\$'000	S\$'000	%
Trading & distribution	76	-	76	100%
Medical aesthetics	1,526	81	1,445	1784%
Event organisation and management consultancy	113	-	113	100%
Total	1,715	81	1,634	2017%

The Group's revenue from its trading and distribution business for 1Q2020 was S\$0.076 million, an increase of 100% or S\$0.076 million as compared to the revenue of S\$Nil in the previous corresponding financial period ended 31 March 2019 ("1Q2019").

The medical aesthetic segment recorded revenue of S\$1.526 million during 1Q2020, an increase of S\$1.445 million compared to corresponding period in 1Q2019 of S\$0.081 million. The increase is due to Beverly Wilshire Medical Centre Group in Malaysia, acquired by the Group in November 2019, which generated revenue of S\$1.526 million.

The event organisation and management consultancy segment for 1Q2020 was S\$0.113 million, an increase of 100% or S\$0.113 million as compared to the revenue of S\$Nil in the previous corresponding financial period ended 31 March 2019 ("1Q2019"). The increase is due to Brand X Lab Pte Ltd ("Brand X Lab") which was acquired by the Group in April 2019.

ii) Cost of sales

The increase in cost of sales is in line with the increase in revenue.

iii) Gross profit

As a result of the abovementioned, the Group's gross profit from operations increased by 913% or S\$0.639 million from S\$0.070 million in 1Q2019 to S\$0.709 million in 1Q2020. The increase was mainly due to the new revenue segment, event organisation and management consultancy business, which generated gross profit margin of S\$0.050 million in 1Q2020 and the newly acquired Beverly Wilshire Medical Centre Group in Malaysia in FY2019 which generated gross profit margin of S\$0.650 million in 1Q2020.

iv) Other income

Other income increased by S\$0.057 million from S\$Nil million in 1Q2019 to S\$0.057 million in 1Q2020 mainly due to increase gain due to modification of lease, fixed deposit interest income and office rental income.

v) Administrative expenses

Administrative expenses increased by S\$1.168 million from S\$0.839 million in 1Q2019 to S\$2.007 million in 1Q2020. The administrative expenses incurred during the period ended 31 March 2020 are mainly operational costs, including staff costs, directors' remunerations and professional fees. The increase was mainly due to operation costs amounting to S\$0.127 million and S\$1.296 million arising from the newly acquired subsidiaries, Brand X Lab and Beverly Wilshire Medical Centre Group respectively. The increase was offset by one-off introducer fee of S\$0.286 million arising from the corporate exercise completed on 10 January 2019, being the consolidation of every 2 existing ordinary shares in the capital of the Company into 1 consolidated share, the allotment and issuance of up to 3,214,285,714 consolidated shares pursuant to the conversion of the deferred payment liability of S\$3.5 million and placement of 2,857,142,857 consolidated shares in the capital of the Company at an issue price of S\$0.0014 for each share, with up to 952,380,952 investment warrants, each carrying the right to subscribe for 1 consolidated share in the capital of the company at an exercise price of S\$0.0014 for each new consolidated share (the "January 2019 Corporate Exercise").

vi) Finance expenses

During the financial period under review, finance expenses decreased by S\$0.133 million or 74% from S\$0.180 million in 1Q2019 to S\$0.047 million in 1Q2020. The decrease mainly due to decrease in interest expenses of S\$0.029 million arising from the HK\$ 20 million loan which had been settled in January 2019 and decrease in unwinding of imputed interest expenses of S\$0.151 million as a result of the fair value adjustment on the deferred payment liability of S\$3.5 million which had been converted into share capital in January 2019. It was partially offset by interest expense of lease amounting to S\$0.029 million incurred in 1Q2020 and interest expenses of borrowings incurred by Brand X Lab and Beverly Wilshire Medical Centre Group amounting to S\$0.018 million.

vii) Depreciation of property, plant and equipment

During the financial period under review, the depreciation of property, plant and equipment increased by S\$0.342 million or 3800% from S\$0.009 million in 1Q2019 to S\$0.351 million in 1Q2020 was mainly due to the depreciation generated from newly acquired subsidiaries, Brand X Lab Pte Ltd and Beverly Wilshire Medical Centre Group in FY2019.

Review of the Financial Position of the Group

viii) Assets

Total assets of the Group decreased by S\$0.780 million from S\$16.275 million as at 31 December 2019 to S\$15.495 million as at 31 March 2020. This was due to decrease in trade and other receivables, inventories, property, plant and equipment and intangible assets of S\$0.149 million, S\$0.041 million, S\$0.581 million and S\$0.118 million respectively and offset by increase in cash and cash equivalents of approximately S\$0.109 million due to cash generated from financing activities as explained under paragraph xi below.

ix) Liabilities

Total liabilities decreased by S\$0.239 million from S\$7.930 million as at 31 December 2019 to S\$7.691 million as at 31 March 2020. This was mainly due to decrease in lease liabilities and current income tax liabilities of S\$0.487 million and S\$ 0.110 million respectively and offset by increase in trade and other payables of 0.377 million.

x) Negative working capital

As at 31 March 2020, the Group's total assets exceeded its total liabilities by S\$7.804 million; however, the Group had negative working capital of S\$1.275 million. Notwithstanding this, the Board and Management is of the view that the Group is able to continue as a going concern due to the following:

(a) New subsidiary corporations/joint venture companies:

- The Group acquired Brand X Lab on 15 April 2019. Brand X Lab is a private limited company incorporated in Singapore and it provides event organisation and promotion services as well as business and management consultancy services.
- The Group had completed the acquisition of a controlling interests of 51% in Beverly Wilshire Medical Centre Group on 7 November 2019. Beverly Wilshire Medical Centre Group is a well-known brand in Malaysia with multi award-winning integrated beauty and wellness medical centres, specialising in aesthetic medicine, plastic surgery, dental aesthetics, hair restoration and a range of healthy aging and wellness services.
- The Company's wholly-owned subsidiary JCG-Beverly Pte Ltd ("JCGB") had on 24 January 2020, formed a strategic joint venture with Natasha Skincare (Malaysia) Sdn Bhd under a special purpose vehicle, Natasha Beverly Sdn Bhd ("Natasha Beverly"). Natasha Beverly's principal activities are medical aesthetics clinic and other health maintenance procedures such as medi-spa, chiropractor and physiotherapy.
- JCGB had on 7 April 2020, formed a strategic joint venture with Chong Yee Leng ("Dr Elaine") under a SPV, Beverly Ipoh Sdn Bhd. The joint venture's principal activities are aesthetic medicine and related activities. JCGB had on 23 April 2020 entered into a non-binding term sheet with Dr Elaine to establish a joint venture for the purposes of providing aesthetic medicine procedures.

Barring any unforeseen circumstances, the Group expects these new subsidiary corporations/joint venture companies to contribute positively to the Group's working capital position as explained in paragraph 11.

- (b) The Company recently raised a total of S\$1,300,000 from private placements which will be used to fund future expansion through mergers and acquisitions and for the Group's working capital.
- (c) Concurrently, the Company will continue to look for other fund-raising exercises to fund the working capital and growth of the Group going forward and the Company will also seek for growth opportunities and all other possibilities to complement the existing businesses of the Group.

Review of the Cash Flow Statement of the Group

x) Cash flow

Net cash used in operating activities in 1Q2020 amounted to S\$0.440 million. The operating cash outflows before movement in working capital was S\$0.913 million. The net cash outflow from the changes in working capital of approximately S\$0.566 million was mainly due to increase in trade and other payables of S\$0.376 million.

Net cash used in investing activities for 1Q2020 amounted to S\$0.017 million which comprises purchase of property, plant and equipment.

Net cash generated from financing activities for 1Q2020 amounted to S\$0.513 million, arising from proceeds from issuance of ordinary shares of S\$0.800 million and offset by repayment of lease liabilities, finance lease, borrowings and interest paid of S\$0.231 million, S\$0.018 million, S\$0.020 million and S\$0.018 million respectively.

Cash and cash equivalents were in a negative position of S\$0.241 million as at 31 March 2020 as compared to positive position of S\$1.779 million as at 31 March 2019.

10. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

11. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The emergence of COVID-19 has brought about uncertainties to the Group's operating environment and its financial position subsequent to the financial year ended 31 December 2019. The Group is cognisant of the challenges posed by these developing events, in particular, the MCO in Malaysia and the potential impact they have on our business sector. The Group will continuously assess the situation, adhere closely to the measures implemented in Malaysia and Singapore to support their efforts in containing the spread of COVID-19, and put in place measures to minimise impact to our business. The Group is cautiously confident that, with an effective strategic plan and a strong management team to execute our plan, the Group is poised to grow successfully and steadily even during and after this time of a COVID-19 economic and financial market crisis. Post COVID-19, it is expected that many opportunities will arise for the Group to look for smaller medical aesthetics companies which are badly affected for collaboration or acquisition. This is in line with our strategy to grow through mergers and acquisitions.

The following events are expected to positively impact the Group in the next reporting period and the next 12 months:

(i) Acquisition of New Subsidiaries/Joint Venture Companies

Acquisition of Beverly Wilshire Medical Centre Group

JCG acquired a controlling interest in Beverly Wilshire Medical Centre Group on 7 November 2019. This brings to the Group an established player in Malaysia in the healthcare industry with their core business in medical and dental aesthetics, healthy ageing wellness and regenerative therapies, cosmetic surgery and hair restoration. Beverly Wilshire is a multi-award-winning integrated beauty care and medical aesthetics group established in 2012. It manages and operates two (2) fully-licensed Ministry of Health of Malaysia medical centres, in addition to three (3) licenced aesthetics clinics in Kuala Lumpur, Petaling Jaya and Johore Bahru.

Formation of Strategic Joint Venture with Natasha Skincare (Malaysia) Sdn Bhd

The Company's wholly-owned subsidiary JCG-Beverly Pte Ltd has on 24 January 2020, formed a strategic joint venture with Natasha Skincare (Malaysia) Sdn Bhd under a SPV, Natasha Beverly Sdn Bhd. The joint venture's principal activities will include a medical aesthetics clinic and other health maintenance procedures such as medi-spa, chiropractor and physiotherapy. Natasha Skincare is a leading beauty brand in Indonesia with more than 100 outlets. The joint venture will positively benefit JCG.

Formation of Strategic Joint Venture with Dr Chong Yee Leng

The Company's wholly-owned subsidiary JCG-Beverly Pte Ltd has on 7 April 2020, formed a strategic joint venture with Dr Chong Yee Leng under a SPV, Beverly Ipoh Sdn Bhd. The joint venture's principal activities are aesthetic medicine and related activities.

Barring any unforeseen circumstances, the Group expects the new subsidiary corporations/joint venture companies to contribute positively to the Group's revenue, profits and working capital in the next reporting period and in the next 12 months.

(ii) Private Placements

The Company recently raised a total of S\$1,300,000 from private placements which will be used to fund future expansion through mergers and acquisitions and for the Group's working capital. Concurrently, the Company will continue to look for other fund-raising exercises to fund the working capital and growth of the Group going forward.

(iii) Financial Results and Position

The Group's quarter-on-quarter revenue increased 2017% from S\$0.081 million to S\$1.715 million with only 3 months of revenue contribution from Beverly Wilshire Group and Brand X Lab Pte Ltd. The Group's administrative expenses increased 139% from S\$0.839 million to S\$2.007 million. The increase was mainly due to operation costs amounting to S\$0.127 million and S\$1.296 million arising from the newly acquired subsidiaries, Brand X Lab Pte Ltd and Beverly Wilshire Medical Centre Group respectively. The increase was offset by one-off introducer fee of S\$0.286 million arising from the January 2019 Corporate Exercise. The net loss attributable to equity holders of the Company for the financial period ended 31 March 2020 increased 6% from S\$0.944 million to S\$1.004 million. The Group's net asset value per ordinary share has maintained at positive S\$0.05 cents.

12. Dividend

If a decision regarding dividend has been made: -

(a) *Whether an interim (final) ordinary dividend has been declared (recommended); and*

No dividend has been declared or recommended for the current financial period.

(b)(i) *Amount per share (cents)*

Not applicable.

(b)(ii) *Previous corresponding period (cents)*

Not applicable.

(c) *Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).*

Not applicable.

(d) *The date the dividend is payable.*

Not applicable.

(e) *The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividends are determined.*

Not applicable.

13. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended as the Group is in loss making position for financial period ended 31 March 2020.

14. If the group has obtained a general mandate from shareholders for Interested Person Transactions (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group did not enter into any IPT of S\$100,000 or more in value per transaction for 1Q2020. The Group does not have a general mandate from shareholders for IPTs.

15. Use of Proceeds

As at 5 May 2020, the net proceeds from the share subscriptions in July 2019 and January 2020 had been utilised as follows:

	Allocation of net proceeds raised S\$'000	Amount utilised before 26-Feb-20 S\$'000	Amount utilised from 26-Feb-20 to 5-May-20 S\$'000	Amount unutilised as at 5-May-20 S\$'000
(A) Proceeds from share subscription in July 2019				
(i) Working Capital	150	(150)	-	-
(ii) Funding growth, development and expansion of existing medical aesthetics and healthcare business and exploration of new business opportunities as and when they arise	350	(167)	(183)	-
Total Amount	500	(317)	(183)	-
(B) Proceeds from share subscription in January 2020				
(i) Working Capital	240	(187)	(53)	-
(ii) Funding growth, development and expansion of existing medical aesthetics and healthcare business and exploration of new business opportunities as and when they arise	560	(132)	(171)	257
Total Amount	800	(319)	(224)	257
Total Amount	1,300	(636)	(407)	257

Notes:

- (A) The proceeds from the share subscription raised in July 2019 pursuant to a subscription agreement dated 16 May 2019 entered into with Dato’ Ng Tian Sang @ Ng Kek Chuan amounted to S\$500,000. The Company announced on 21 May 2019 that 70% of the proceeds shall be used for funding growth, development and expansion of existing medical aesthetics and healthcare business and exploration of new business opportunities as and when they arise and 30% will be used for the working capital of the Company.
- (i) During the financial period reported on, S\$183,000 from the working capital portion of the proceeds from the share subscription was utilised. Such expenses mainly related to administrative and operating expenses.

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- (B) The proceeds from the share subscription raised in January 2020 pursuant to subscription agreements entered into in November and December 2019 with certain subscribers amounted to S\$800,000 in aggregate. The Company announced that 70% of the proceeds shall be used for funding growth, development and expansion of existing medical aesthetics and healthcare business and exploration of new business opportunities as and when they arise and 30% will be used for the working capital of the Company.
- (i) During the financial period reported on, S\$53,000 from the working capital portion of the proceeds from the share subscription was utilised. Such expenses mainly related to administrative and operating expenses.

17. Negative confirmation pursuant to Rule 705(5) of the Catalist Rules.

The Board of Directors hereby confirm that to the best of their knowledge, nothing has come to the attention of the Board which may render the interim financial results set out above to be false or misleading in any material respect.

18. Confirmation that the Issuer has procured undertakings from all its directors and executive officers under Rule 720(1) of the Catalist Rules.

The Company confirms that it has procured all the required undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

By Order of the Board
8 May 2020